

Message Text

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40

ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 RSR-01 /147 W

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R 271800 Z APR 73

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 5116

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS EC BRUSSELS 2331

PASS TREASURY, FRB AND CEA

E. O. 11652: NA

TAGS: EFIN, US, EEC

SUBJ: US- EC TRADE STATISTICS

1. THE EC COMMISSION PRESS SPOKESMAN'S OFFICE HAS ISSUED TRADE FIGURES FOR 1972 SHOWING THAT THE EC OF SIX PLUS BRITAIN HAD A TRADE DEFICIT OF DOLS 173 MILLION WITH THE US IN 1972. RELEASE OF THE FIGURES HAS PROMPTED SEVERAL ARTICLES IN THE EUROPEAN PRESS (FOR EXAMPLE, THE "GUARDIAN" AND UNCLASSIFIED

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THE "FINANCIAL TIMES" OF APRIL 26) WHICH TEND TO DRAMATIZE THE DISCREPANCY BETWEEN THE EC FIGURES AND US DEPARTMENT OF COMMERCE TRADE STATISTICS. THE LATTER ARE QUOTED AS SHOWING THE US WITH A TRADE DEFICIT WITH THE SEVEN COUNTRIES OF DOLS 873

MILLION. APPARENTLY, THE SPOKESMAN'S OFFICE ISSUED FIGURES FOR THE COMMUNITY OF NINE, ALTHOUGH THE STORIES CITED FIGURES ONLY FOR THE SIX PLUS THE UK.

2. CHECKS WITH THE COMMISSION REVEAL THAT THE FIGURE OF 173 MILLION ACTUALLY REFERS TO UNITES OF ACCOUNT, SO THAT THE DEFICIT IN US DOLLARS AT POST-SMITHSONIAN RATES WOULD IN FACT BE SOMEWHAT GREATER. THE MISSION'S CALCULATIONS, BASED ON US FOREIGN TRADE SERIES FT 990 OF THE BUREAU OF CENSUS, SHOW THE US WITH A DEFICIT OF DOLS 493 MILLION WITH THE SEVEN COUNTRIES (AND A DEFICIT OF DOLS 629 MILLION WITH THE ENLARGED COMMUNITY OF NINE). ON THIS BASIS, THE DISCREPANCY IN THE TWO SETS OF FIGURES FOR THE SEVEN COUNTRIES IS LESS THAN DOLS 700 MILLION RATHER THAN DOLS 1,000 MILLION AS SUGGESTED IN THE PRESS STORIES.

3. ALTHOUGH USEC IS NOT IN A POSITION TO MAKE A DETAILED STUDY OF THE FIGURES, WE ASSUME THE DISCREPANCY IS EXPLAINED PRINCIPALLY BY EC CALCULATION OF IMPORTS ON A C. I. F. BASIS (A PLINT ACKNOWLEDGED BY THE PRESS STORIES) AS WELL AS TIME LAGS BETWEEN EXPORTS FROM THE US AND IMPORTS INTO THE EC AND VICE VERSA. MOREOVER, GIVEN THE MAGNITUDE OF TRADE BETWEEN THE COUNTRIES IN QUESTION (OVER DOLS 23 BILLION), THE DISCREPANCY MIGHT BE FURTHER EXPLAINED THROUGH DIFFERENT EXCHANGE RATES USED IN THE CALCULATIONS AS WELL AS STATISTICAL ERROR. IN VIEW OF THE FOREGOING FACTORS, THE DISCREPANCY DOES NOT APPEAR SIGNIFICANT. IN ANY CASE, WHAT IS IMPORTANT IN OUR VIEW IS THAT, REGARDLESS OF HOW THE FIGURES ARE ARRIVED AT, THEY SHOW THAT THE TREND OF THE HISTORICAL US SURPLUS WITH THE COMMUNITY IS SHARPLY DOWN.

GREENWALD

UNCLASSIFIED

NMAFVVZCZ

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